

House Study Bill 607

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE, REGULATION AND
LABOR BILL BY CHAIRPERSON
JENKINS)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the workers' compensation law concerning debt
2 collection practices, and payment of workers' compensation
3 benefits.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 6384HC 81
6 av/je/5

PAG LIN

1 1 Section 1. Section 85.27, subsection 6, Code Supplement
1 2 2005, is amended to read as follows:
1 3 6. While a contested case proceeding for determination of
1 4 liability for workers' compensation benefits is pending before
1 5 the workers' compensation commissioner relating to an injury
1 6 alleged to have given rise to treatment, no debt collection,
1 7 as defined by section 537.7102, shall be undertaken against an
1 8 employee or the employee's dependents for the collection of
1 9 charges for that treatment rendered an employee by any health
1 10 service provider. If debt collection is undertaken by a
1 11 creditor after the creditor receives actual notice that a
1 12 contested case proceeding for determination of liability for
1 13 workers' compensation benefits is pending, such debt
1 14 collection shall constitute a prohibited practice under
1 15 section 537.7103, and the employee or the employee's
1 16 dependents are entitled to the remedies provided in section
1 17 537.5201. However, the health service provider may send one
1 18 itemized written bill to the employee setting forth the amount
1 19 of the charges in connection with the treatment after
1 20 notification of the contested case proceeding.

1 21 Sec. 2. Section 87.8, Code 2005, is amended to read as
1 22 follows:

1 23 87.8 INSOLVENCY CLAUSE PROHIBITED.

1 24 An insurer shall pay, when due, all benefits and
1 25 compensation for which the insured is liable under this
1 26 state's workers' compensation laws, regardless of whether the
1 27 insured has reimbursed the insurer for any deductible due
1 28 under the policy of insurance. ~~No~~ A policy of insurance
1 29 issued under this chapter shall not contain any provision
1 30 relieving the insurer from payment if the insured becomes
1 31 insolvent or discharged in bankruptcy during the period that
1 32 the policy is in operation, or the compensation, or any part
1 33 of it, is unpaid.

1 34 Sec. 3. Section 537.7103, Code Supplement 2005, is amended
1 35 by adding the following new subsection:

2 1 NEW SUBSECTION. 7. A debt collector shall not collect or
2 2 attempt to collect charges from an employee or an employee's
2 3 dependents for treatment rendered the employee by any health
2 4 service provider after receiving actual notice that a
2 5 contested case proceeding for determination of liability of
2 6 workers' compensation benefits is pending as provided in
2 7 section 85.27, subsection 6.

2 8 EXPLANATION

2 9 Code section 85.27, subsection 6, and Code section 537.7103
2 10 are amended to provide that debt collection for charges
2 11 rendered to an employee by a health services provider that is
2 12 undertaken by a creditor after the creditor receives actual
2 13 notice that a contested case proceeding for determination of
2 14 liability for workers' compensation benefits is pending
2 15 constitutes a prohibited practice under the Iowa consumer
2 16 credit code, and entitles the employee or the employee's

2 17 dependents to the remedies provided by the Iowa consumer
2 18 credit code.
2 19 Code section 87.8 is amended to provide that an insurer
2 20 must pay all workers' compensation benefits when due,
2 21 regardless of whether the insured has reimbursed the insurer
2 22 for any deductible due under the policy of insurance.
2 23 LSB 6384HC 81
2 24 av:rj/je/5